



Hunter Investment Funds

Other Material Information – Hunter Private Credit Fund

Issued by Harbour Asset Management Limited

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1. Introduction

This is an important document in relation to your investment in the Hunter Private Credit Fund ('Fund') and should be read together with the Hunter Private Credit Fund Product Disclosure Statement ('PDS'), the Hunter Investment Funds Statement of Investment Policies and Objectives ('SIPO') and other documents held on the register at www.disclose-register.companiesoffice.govt.nz ('Disclose Register'). You must be given a copy of the PDS before we can accept your application for Units.

This Other Material Information Document ('Document') has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 ('FMC Act') and clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014 ('FMC Regulations'). All legislation referred to in this Document can be viewed at www.legislation.govt.nz.

In this Document, "you" or "your" refers to a person or entity that invests in the Fund, whether directly or

through a Portfolio Investment Entity ('PIE') Investor Proxy or similar administration and custodial service. If you hold Units through a PIE Investor Proxy ('PIP') or similar administration and custodial service, see "Investing through administration and custodial services" in Section 2 of this Document. "We", "us", "our" or "Harbour" refers to Harbour Asset Management Limited as the Manager of the Hunter Investment Funds. When we use the word "current" or "currently" in relation to any legislation, regulation, policy, information, activity or practice, we refer to these at the date of this Document. Any legislation, regulation, policy, information, activity or practice may be reviewed or changed without us notifying you.

Capitalised terms have the same meaning as in the Master Trust Deed for the Establishment of Managed Investment Schemes (including the relevant Scheme and Fund Establishment Deeds for the Hunter Investment Funds) ('Governing Document'), unless they are otherwise defined in this Document.



2. Other information on the Fund

This Document relates to the offer of Units in the Hunter Private Credit Fund.

The Fund is constituted within a managed investment scheme called the "Hunter Investment Funds", registered scheme number SCH11176 ('Scheme'). The Fund and Scheme are currently governed by a Trust Deed dated 30 September 2021, a Deed of Retirement and Appointment dated 30 September 2021, a further Deed of Retirement and Appointment of Supervisor dated 21 September 2022, a Deed of Establishment dated 11 December 2024, and a Deed of Amendment (relating to the Trust Deed) dated

6 May 2025. The Fund is invested in accordance with the SIPO. You can get an electronic copy of the Governing Document and SIPO from the scheme register on the Disclose website **www.disclose-register.companiesoffice.govt.nz**.

For a detailed description of the governing terms of the Fund, please refer to the Governing Document held on the scheme register at **www.disclose-register.companiesoffice.govt.nz**. If there is any conflict between information in this Other Material Information Document and the terms of the Governing Document, then the terms of the Governing Document prevail.

Investing through administration and custodial services

The Hunter Investment Funds are offered either directly with Harbour or through several services. These include investing with a custodial service or PIP which is a consolidated custodial account. When you invest through an administration and custodial service, you do not hold Units in the Fund directly. Instead, your Units are held in the name of a custodial entity for the platform on your behalf.

This means many of the legal rights attached to those Units are held by that custodial entity rather than by you, and so your ability to exercise those rights is subject to the terms and conditions agreed between you and the provider of the service. You are encouraged to familiarise yourself with those terms and conditions as set out in the service provider's marketing and legal documentation.



3. Other information on the parties involved

Manager

The Manager of the Fund is Harbour Asset Management Limited. We became the Manager of the Scheme on 30 September 2021 after purchasing the Scheme from Hunter Investment Management Limited. We were incorporated in New Zealand under the Companies Act 1993 on 11 April 2006 as FNZC Nominees Limited and we changed our name to Harbour Asset Management Limited on 1 December 2009.

Harbour was granted a licence to act as the Manager of a registered scheme under the FMC Act by the Financial Markets Authority ('FMA') on 30 January 2015.

The names and contact details for directors and information on the shareholders of Harbour are available at www.companiesoffice.govt.nz/companies. This information may change from time to time without notice to you.

Investment managers

We are the current investment manager for the Fund. We are responsible for investing the assets of the Fund.

Supervisor

The Supervisor of the Fund is The New Zealand Guardian Trust Company Limited ('NZGT'). The appointment of NZGT as Supervisor, and the retirement by Public Trust as Supervisor on 30 September 2022, is recorded in the Deed of Retirement and Appointment of Supervisor dated 21 September 2022 and took effect on 1 October 2022.

The Supervisor is responsible for supervision of Harbour and the Scheme, including:

- Acting on behalf of the Scheme's investors in relation to Harbour and any contravention of Harbour's issuer obligations;

- Supervising the performance by Harbour of its functions and the financial position of Harbour and the Scheme; and
- Holding the Scheme's assets or ensuring that the assets are held in accordance with applicable legislative requirements.

The Supervisor was granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as Supervisor in respect of managed funds such as this Scheme for a term expiring on 16 March 2028. Full details of the current licence can be found on www.guardiantrust.co.nz/about-us/.

Custodians

NZGT is also appointed as the custodian for the Fund acting through its nominee company NZGT (Harbour) Nominees Limited, or its appointed custodian Apex Investment Administration (NZ) Limited (Apex).

As required by the FMC Act, the Supervisor and each custodian are independent of us.

Administration managers

Harbour has appointed Apex as the administration manager for the Fund. Key roles undertaken by Apex include:

- Unit pricing;
- Registry; and
- Fund accounting.

Other key parties

Other key parties currently employed by Harbour are:

Party	Role
PricewaterhouseCoopers	Auditor
DLA Piper New Zealand	Legal adviser
KPMG	Tax adviser

Manager and Supervisor's indemnity

Both we and the Supervisor are entitled to be indemnified out of the Fund. The indemnity covers any personal liability (including PIE tax) incurred by or on behalf of the Fund, or any action taken or omitted in connection with the affairs of the Fund (other than in respect of our or the Supervisor's negligence, wilful default or wilful breach of trust). It also covers the costs of any litigation or other proceedings in which such liability has been determined (including legal fees and disbursements). The indemnity ranks in priority to the claims of investors. It is subject to the limits on permitted indemnities under the FMC Act which only make the indemnity available in relation to the proper performance of the duties under the FMC Act.

We and the Supervisor, in incurring any debts, liabilities or obligations or in taking or omitting any other action for or in connection with the affairs of the Fund, are each deemed to be acting for and on behalf of the Fund and not in our own respective capacities.

Neither the Supervisor nor we (except as otherwise expressly provided in the Governing Document) are under any personal liability, nor may resort be had to our private property, for the satisfaction of any obligation of the Fund.

4. Material contracts

The following material contracts are in place in relation to the Fund:

- A Management Agreement ('Management Agreement') with the Supervisor effective 20 March 2019 (as amended from time to time) that sets out the arrangements between us and the Supervisor in relation to certain operational matters relating to the Hunter Investment Funds. Nothing in the Management Agreement limits or alters the powers of the Supervisor or our duties under the Governing Document and applicable law.
- A Deed of Establishment for the Hunter Private Credit Fund between Harbour and NZGT dated 11 December 2024.



5. Disclosure of interests

Management of conflicts of interest

We are a part of the FirstCape Group. Actual or perceived conflicts of interest for directors and employees of FirstCape Group companies can arise from any competing interests. For example, directors and employees of FirstCape Group companies may invest in Harbour funds from time to time. Decisions made by directors or employees may be influenced by their investment in Harbour funds. Directors and employees are required to disclose conflicts of interest and there are processes for recording and managing these conflicts.

FirstCape Group companies' employees are required under the terms of their individual employment agreements to disclose and register potential or actual conflicts of interest to FirstCape so that these can be effectively managed.

Directors are required to disclose conflicts of interest at the beginning of each meeting, and these are recorded in the meeting minutes.

We may use related parties to provide services to the Funds, including staffing services, banking facilities and services, and investment in other investment vehicles managed by us or related parties. We conduct all transactions on arms' length commercial terms (as if the parties were

independent) and follow the rules on related party transactions that apply to Managed Investment Schemes under the FMC Act.

For more information on related-party transactions under the FMC Act go to: <http://www.fma.govt.nz/library/guidance-library/related-party-transactions-under-the-financial-markets-conduct-act-2013/>

The Credit Advisory Committee has been established to support the Portfolio Manager by providing specialist private credit expertise, challenge and practical guidance on proposed and existing investments in the Hunter Private Credit Fund. Its purpose is to strengthen credit assessment and portfolio oversight by reviewing credit papers, testing investment assumptions, considering transaction structure, portfolio context and conflicts, and contributing market insight and specialist knowledge. The Committee is advisory only and does not make investment decisions; final accountability remains with the Portfolio Manager. Committee members must disclose any actual, potential or perceived conflicts of interest, including any financial interests. Any disclosed conflicts will be recorded in a Conflicts Register to be monitored and overseen by the Harbour Legal, Risk and Compliance team.

6. Further information on key terms

Interest on applications

Any interest earned on application amounts (including any amounts returned) before they are accepted into the Fund and issued Units will be

applied to the Fund generally for the benefit of all investors.

Unit pricing

The price of Units ('Unit Price') of the Fund is the Net Asset Value of the Fund at a particular time divided by the number of Units on issue at that time. A Unit Price is generally determined on each Business Day.

Transactions into and out of the Fund (applications and redemptions) are made at the Issue Price and Redemption Price respectively. The Issue Price and Redemption Price are generally calculated monthly to align with when transactions are processed in the Fund. To ensure an accurate representation of the redeemable value of an investment, an

Interim Issue Price and Interim Redemption Price will generally be calculated daily using the same methodology as the monthly prices. These prices can be used by investors when valuing their holding.

The value of the assets held by the Scheme and the Net Asset Value of the Fund will be determined in accordance with the Scheme's Governing Document and Deed of Establishment and on a consistently applied basis.

Issue Price

If we accept your application, you will be issued Units in the Fund at the Issue Price. The Issue Price is the Unit Price of the Fund, plus an amount per Unit calculated to reflect the cost of acquiring investments following the issue of Units ('buy spread') and other administrative costs relating to the sale or issue of Units. The current buy spread, as at the date of this Document, is 0% but a buy spread can be applied by us at any time. The Issue Price of a Unit is generally determined for the last Business Day of each month ('Valuation Time').

Applications received and accepted before the cut-off time for the Fund will be processed at the next Issue Price. If your application is received after the cut-off time for the Fund, at Harbour's discretion, it may be processed at the following Issue Price for the following month or returned directly to you. For example, an application received after the cut-off time in November will not be processed at the November Issue Price

(based on the Unit Price effective 30 November); it will instead either be processed at the December Issue Price (based on the Unit Price effective 31 December) or returned to you.

Currently, the Issue Price is based on each Unit Price with an effective date of the last Business Day of a month. We can change the effective date of the Issue Price or the cut-off time at any time at our discretion.

The cut-off time for the receipt of complete applications and cleared funds for the Fund is currently four Business Days before the last Business Day of each month, at 2:00pm New Zealand time. For example, if the last Business Day is Monday 30 November 2026 the cut-off will be 2:00pm on Tuesday 24 November 2026.

If a payment is dishonoured or reversed, no Units will be issued in respect of that payment or any Units issued based on that payment will be cancelled.

Redemption Price

Redemption Requests will redeem Units you hold at the Redemption Price. The Redemption Price is the Unit Price of the Fund, minus an amount per Unit calculated to reflect the cost of disposing of investments following the redemption of Units ('sell spread') and other administrative costs relating to the sale or issue of Units. The current sell spread, as at the date of this Document, is 0% but a sell spread can be applied by us at any time. The Redemption Price of a Unit is generally determined for the last Business Day of each month ('Valuation Time').

Completed Redemption Requests received before the cut-off time for the Fund will be assessed against the forecast available cash in the Fund. We will determine how much, if any, of your request can be processed. This amount will be redeemed at the next Redemption Price. If your completed Redemption Request is received after the cut-off time for the Fund it will be carried forward to be assessed for the following month. We will determine how much, if any, of your request can be processed

that month. Any amounts will be redeemed at the Redemption Price of that month. For example, a request received after the cut-off time in November will not be processed at the November Redemption Price (based on the Unit Price effective 30 November); it will instead be assessed in December and any amounts redeemed will be processed at the December Redemption Price (based on the Unit Price effective 31 December).

Currently, the Redemption Price is based on each Unit Price with an effective date of the last Business Day of a month. We can change the effective date of the Redemption Price or the cut-off time at any time at our discretion.

The cut-off time for the receipt of complete Redemption Requests for the Fund is currently four Business Days before the last Business Day of each month, by 2:00pm New Zealand time. For example, if the last Business Day is Monday 30 November 2026 the cut-off will be 2:00pm on Tuesday 24 November 2026.

Priority of redemptions

As set out in the PDS, we may not be able to meet monthly Redemption Requests. Full Redemption Requests carried forward from a previous month will be prioritised for payment above partial Redemption Requests and new full Redemption Requests. Full Redemption Requests which have been carried forward are prioritised equally regardless of how many months they have been carried forward.

Conversely, an investor who submits a partial Redemption Request that is not paid in full (or at all), and who still wishes to make a partial redemption at a later Redemption Date(s) will need to submit another Redemption Request.

For example:

- The Fund receives full Redemption Requests in month one for \$1,000,000. The Fund can only make payments of \$600,000 (pro-rated across all redemptions). Full Redemption Requests totalling \$400,000 (assuming no change in Unit Price) are carried forward to month two.

- In month two the Fund has a total of \$400,000 in full Redemption Requests carried forward. It receives new requests for \$100,000 in full redemptions and \$150,000 in partial redemptions.
- In month two the Fund can make payments of \$300,000. The \$400,000 of carried-forward full redemptions will be prioritised above the \$250,000 of partial and new full redemptions received in month two. The partial requests and new full redemptions will be prioritised equally.
 - \$300,000 of carried-forward full Redemption Requests are paid (75% of each request). The remaining \$100,000 of these full Redemption Requests are carried forward to month three.
 - \$0 of the combined partial and new full Redemption Requests are paid (0% of each request). \$100,000 of the new full Redemption Requests are carried forward to month three. The partial Redemption Requests are not carried forward.

- In month three the Fund has a total of \$200,000 in full Redemption Requests carried forward. It receives requests for \$200,000 in partial redemptions and no new full Redemption Requests.
- In month three the Fund can make payments of \$350,000. The \$200,000 in carried-forward full redemptions will be prioritised above the \$200,000 of partial redemptions.
 - \$200,000 of the carried-forward full Redemption Requests are paid (100% of each request).
 - \$150,000 of the partial Redemption Requests are paid (75% of each request). The remaining \$50,000 of partial Redemption Requests is not carried forward.

Tax on redemptions

Where Units are redeemed, the tax liability on income allocated to you up to the redemption date will be satisfied by us cancelling Units. For a partial redemption, a portion of your total tax liability will

be satisfied. This is based on the number of Units you are redeeming as a proportion of your total Unit holding.

Right to sell Units

You may sell and transfer all or any of your Units (either to an existing investor or another person) by completing a Transfer Request Form, to be signed by the transferor and transferee. The transfer becomes effective when it is entered in the Unit Register.

We may decline to register any transfer in our absolute discretion and without giving any reasons. Without limiting this discretion, we may decline a transfer due to:

- Non-compliance with any law or the provisions of the relevant Deed of Establishment; or

- The transfer resulting in the transferee or the transferor holding less than the minimum holding; or
- The transfer resulting in the Fund becoming ineligible as a PIE or threatening such eligibility.

No transfer of any Units can be registered unless any sums owed in respect of those Units (including any applicable PIE tax, or other duties or any commissions, fees and charges in respect of the transfer of the Units) have been paid.

7. Charges

Buy/sell spreads

In some market conditions, it may be in the best interests of existing Unit holders in the Fund that we apply a buy/sell spread to investments coming into the Fund or withdrawals from the Fund. This is because both an investment and a withdrawal incur transaction costs as cash invested is used to purchase securities or securities are sold to provide cash for withdrawal. Under normal conditions, transaction costs are considered to be minimal; however, they can increase or decrease without notice. This may happen for various reasons, including but not limited to, when markets are more volatile than usual, where the value of the Fund is small in comparison to cash flows, or where cash flow volumes are high relative to the

liquidity of the underlying investments. To make sure these transaction costs are equitably borne by the investor who is transacting and not passed onto other Unit holders in the Fund, a spread may be applied to the price of your investment or redemption.

Buy and sell spreads are not a fee and they are not paid to us. They cover transaction costs that a Fund is expected to incur when it transacts. Any difference between spread costs charged and transaction costs incurred remains in the Fund and is reflected in the Fund's investment returns.

As at the date of this Document the current buy spread is 0% and the sell spread is 0%. We review the buy/sell spreads as market conditions warrant.

Annual fund charges

The annual fund charges (which includes any management fees) are outlined in the PDS for the Fund. The charges for the Fund include fees and costs charged by the Manager, Supervisor, custodians, administration manager, investment manager, registrar and auditor, and exclude GST (if any). As of the date of this Document, there is no GST payable on the annual fund charges. It may also include professional fees (for example for legal and tax advice). These charges may be directly

charged to the Fund, or recovered by the Manager from the Fund.

The charges are calculated and accrued daily in the Unit Price and paid monthly in arrears. We may waive or decrease the charges for the Fund without notice. We may increase the management fee; or provided that any such fee is permitted, we may charge an additional fee not currently being charged by giving you at least three months' notice.

Manager's termination fees

If the Fund terminates, we may charge the Fund a termination fee and recover costs and disbursements from the Fund for matters relating to termination. You may ask us how much that fee

was following termination. Further information on termination fees recoverable by the Manager or Supervisor are contained in the PDS.

Other charges

The Fund will incur other trading costs or exceptional expenses. These other expenses do not form part of the annual fund charges. Some of these expenses may be paid to us or the respective

administration manager. There is no limit on these expenses, which will be shown in the financial statements for the Fund. Note that the costs of marketing the Fund will be borne by us.

Supervisor's other fees

The Supervisor may charge additional fees to the Fund for special services (e.g. on wind up of the Fund).

Entry Fee

While we have no current intention to do so, we may charge an Entry Fee determined by us on the issue

of any Unit. Any Entry Fee, if it were to be charged, would be in addition to any buy spread.

Variation to fees

We may, in our absolute discretion, rebate the buy and sell spread and/or charges for the Fund (which

includes management fees) by agreement with an investor, or a group of investors.

8. Distributions

We expect to make distributions from the Fund for each three-month period ending February, May, August, and November each year ('Distribution Periods'). Distribution payments will generally be made within 15 Business Days after the end of each Distribution Period. If your distribution is reinvested, Units will be issued at the Issue Price of the last month of the Distribution Period on a date in accordance with the applications process outlined in the relevant PDS for the Fund.

For example, a distribution for the Distribution Period ending 31 May may be paid on 2 June, and if you have elected for reinvestment your Units may be issued on 2 June at the May Issue Price.

You can choose for your distributions to be paid to your nominated bank account or reinvested in the Fund. If you do not make a distribution election the default option is reinvestment. We can vary the method of calculation of distributions and the period between distributions (including suspending distributions) by providing three months' notice to you.

Distributions from the Fund will rank above redemptions. This means that any cash the Fund holds which is earmarked for distribution will not be used to satisfy redemptions from the Fund, even if redemptions cannot be satisfied in full in a particular month.

Amendments to the Governing Document

We can agree with the Supervisor to change the Governing Document in certain circumstances, without consulting you. This ability is, however,

subject to certain protections (for your benefit) as set out in the Governing Document.

Altering your investment

We may alter or introduce minimum application amounts, holding amounts, transfer amounts and redemption amounts for the Fund at any time. We may allow applications, holdings, transfers and redemptions for less than those minimums at our discretion.

We may decrease or waive the management fee for the Fund at any time without notice.

We can change the SIPO. Before making changes to the SIPO, we will consider if the changes are in the best interests of the Fund investors generally, and consult with the Supervisor. We will give notice of changes to investors in the Fund prior to effecting any material changes.

Payment of Redemption Requests may be suspended or deferred. Details of when this may occur are under the heading "Liquidity Risk Management Tools" on page 19.

We may resolve to wind up the Fund. In that case, all assets of the Fund will be realised and the

Fund wound up as explained under the heading "Insolvency or winding up" in the "Other risks" section on page 18.

If your holding in the Fund falls below the minimum holding amount fixed by us from time to time or if we determine that an adjustment for PIE tax would reduce your holding to below that minimum holding amount, we may redeem your entire holding and pay the net proceeds into your nominated bank account. We will give you at least one month's notice of our intention to do this.

The current minimum holding amount in the Fund fixed by us is 10,000 Units.

We may take all steps necessary to ensure the Fund remains eligible to be a PIE. This includes our ability to compulsorily redeem some or all of your Units and pay the net proceeds to your nominated bank account.

9. Termination of the Fund

The Fund will terminate on the first of the following:

- The date of termination (if any) notified in writing by us and the Supervisor to each investor of the Fund which will be at least three months after the date of the notice;
- 80 years less two days from the date of the Trust Deed; or
- The date on which investors determine to terminate the Fund by Special Resolution.



10. Taxation

This section briefly summarises the taxation regime as it currently applies to the Fund. It is intended as a general guide only. There may be changes to the taxation legislation and tax rates in the future which

may impact each investor differently. Investors should always seek independent professional taxation advice for their individual circumstances.

Portfolio Investment Entity

The Fund has elected to be a Portfolio Investment Entity ('PIE fund').

Gains derived from fixed interest investments will generally be taxed on an accruals basis.

Under the PIE tax regime, the Fund will allocate its taxable income to investors and, where applicable, pay tax on allocated income on behalf of investors for an investor with a prescribed investor rate ('PIR')

of greater than zero. The Fund will undertake any necessary adjustments to an investor's interests in the Fund to reflect that the Fund pays tax at varying rates on behalf of investors. Investors will not pay tax on distributions (if any) paid to investors from the Fund.

You can find out more about PIE funds and how they are taxed on the Inland Revenue ('IR') website (www.ird.govt.nz).

Foreign residents

If an investor is not a New Zealand resident, the investor's allocated income from the Fund will be taxed at 28%. Harbour will account to Inland

Revenue directly for tax on a non-resident investor's allocated income from the Fund.

General

Investors must advise Harbour of their PIR and IRD number when applying to invest in the Fund and if their PIR changes at any time. If an investor does not provide their PIR to Harbour they will automatically be taxed at the default rate of 28%. If an investor provides a PIR lower than their correct PIR, they may need to pay any tax shortfall, plus interest, and penalties, as part of the income tax year-end process. If the default rate or the PIR advised by the investor is higher than their correct PIR, then any additional tax paid by the Fund on the investor's behalf may reduce their income tax liability for that income year and may give rise to a tax refund by Inland Revenue.

The Commissioner of Inland Revenue can require Harbour to disregard a PIR notified by an investor if the Commissioner considers the rate to be incorrect. The rate specified by the Commissioner would then apply to that investor's attributed

income unless an investor subsequently notifies Harbour of a different rate.

Taxable income is attributed annually to 31 March, or at any time an investor withdraws all or part of their investment from the Fund.

If there is a tax loss or there are excess tax credits allocated to an investor for a period, these will generally be available to investors with a PIR other than 0% in the form of a rebate. The Fund will either reinvest this rebate by purchasing Units in the Fund on an investor's behalf in respect of annual attributions as at 31 March or include it in the net proceeds payable to that investor or applied on their behalf as a result of a full withdrawal. For non-individual investors with a 0% PIR, the tax loss or excess credits may be available for offset in that investor's tax return against other income, with any excess available to carry forward.

11. Other risks

Different investments have different types of risks. We recommend that you seek professional advice before investing in the Fund to understand what risks are associated with these, especially in relation to your circumstances. The following risks are supplemental to the risks disclosed in the PDS.

Credit risk: The risk a borrower is unable to repay the lender. The Fund lends directly to counterparties, some of which can be sub-investment grade (where investment grade is defined as Standard & Poor's BBB-rated or higher, or equivalent). Sub-investment grade investments have a higher likelihood of credit risks eventuating. Credit risk will manifest in increased volatility within the Fund, for example when a counterparty gets into financial trouble, causing us to re-value the loan to them. If the counterparty recovers, so will the Fund's value. However, there is also a chance the counterparty does not recover which causes a permanent loss in value to the Fund. The Fund aims to manage the risk it is exposed to by analysing the creditworthiness of borrowers before advancing funds and by balancing investment over various risk profiles. Because private credit consists of a small market with limited investment opportunity, the potential impact from credit risk can be a sizeable portion of the Fund's value.

For public bond markets this risk is well documented through credit ratings by internationally recognised companies. Private debt investments in New Zealand are generally not rated by a ratings agency. Harbour uses an internal process to determine our view of the credit risk of private debt investments. Harbour also relies on information from third-party managers about the risk profile of the underlying funds it invests in. It uses this information to balance the risk exposure of the Fund and monitors it on an ongoing basis.

The determination of credit risk is inherently subjective. Harbour's risk determination process is subject to change and the credit risk determination is dependent on the limited availability of information with regard to private debt investments.

Derivative risk: Risk that arises from the use of derivatives where the value is derived from the performance of another asset, an index (such as a market index), an interest rate or an exchange rate. For example, investment losses could be caused by the other party to the derivatives contract failing to meet its contract obligations; or the Fund not being able to meet payment obligations on a derivative as they arise.

Fund risk: These are risks specific to the Fund. These risks include that the Fund could terminate; the fees and expenses of the Fund could change; Harbour may be replaced as Manager; any underlying investment manager's team may change; or that investing in any underlying fund may lead to a different result than investing in the market directly. Harbour aims to keep fund risk to a minimum by monitoring the Fund and the investments of the Fund at all times and acting in investors' best interests.

Key person risk: This is the risk that key individuals are no longer able to fulfil their obligations in respect of the investment or administration of a Fund. Harbour aims to ensure that all staff are highly qualified and capable of mitigating individual key personnel risk. Harbour will ensure that it has sufficient resources to enable the Fund to continue with minimal disruption should any member of the team be unable to fulfil their obligations.

Regulatory risk: This is the risk that domestic or international laws or regulations are changed adversely or that regulatory supervision of transactions and reporting is performed by managers and their custodians at less than an appropriate standard. Regulatory risk is managed by Harbour by regularly and closely reviewing changes in the law and seeking expert legal advice where necessary.

Administration risk: This is the risk that instructions in relation to your investments in the Fund have not been accurately relayed or processed or that fraudulent instructions are acted upon. Harbour, the investment manager, and the administration manager will follow reasonable electronic instructions in good faith. Whilst we cannot always detect fraudulent instructions we will apply best endeavours to mitigate this risk.

Concentration risk: The Fund invests in an asset class with limited investment opportunities and may therefore contain fewer investments than standard diversified managed funds common in the industry. The Fund may contain individual assets which make up a large portion of the Fund. This increases the potential impact of other risks. We manage this risk through a maximum exposure to any individual borrower of 15% as set out in the SIPO.

Investment risk: The underlying investments of the Fund may fall in value.

Tax risk: The risk that the Fund loses its PIE status.

This could affect the returns to all investors as Fund income would be taxed at the corporate tax rate of 28% at the Fund level, rather than at investors' PIRs. There may also be further withholding tax on distributions made by the Fund.

Prohibited investment risk: Changes in the prohibited investments in the SIPO and the Responsible Investment Policy may reduce the diversification of the Fund by limiting the available investment universe. This could in turn increase the volatility or illiquidity of the Fund.

How risks can affect an investment

The actual or perceived existence of risk may manifest itself in uncertainty, which in turn increases volatility of investment returns. When the collective sentiment of the market is positive, prices rise; when it is negative, prices fall. If specific risks eventuate a total loss of capital may occur. Each investment will be affected by a different combination of risks.

Because of these risks, it is foreseeable that an investor may receive back less than the capital invested by the investor into the Fund. However, the investor will not be required to pay more money than the amount the investor invested in the Fund (with the exception of any PIE tax liability that may be incurred).

Insolvency or winding up

You will not be liable to pay money to any person as a result of the insolvency or winding up of the Fund (except as described below).

You will be liable to meet any tax liability attributable to you which exceeds the value of your investment in the Fund (in which case you indemnify us and the Supervisor for the difference between the value of the Units and the tax liability). A custodian that holds legal title to Units on behalf of underlying investors and elects to be a proxy for PIE investors will, under the terms of the application form, indemnify us and the Supervisor for any losses, liabilities, costs or expenses arising from any breach (in relation to underlying investors that such custodian is responsible for) of the investor interest size requirements under section HM 15 or the investor membership requirements under section HM 14

of the Income Tax Act 2007, including the losses, liabilities, costs or expenses arising from the Fund losing PIE status.

On insolvency or winding up of the Fund, the assets of the Fund are first applied to meet the claims of any creditors of the Fund (whether preferred, secured or unsecured), which includes the Supervisor's and Manager's claims for fees and expenses. Following this, the remainder of the assets of the Fund will be distributed to investors in proportion to the number of Units held.

At the date of this Document there are no other claims on the assets of the Scheme that rank ahead of or equally with the claims of investors. In certain circumstances, you may receive assets other than cash (e.g. securities in another investment held by the Fund) as part of a wind up.

12. Liquidity Risk Management Tools

The Fund invests in assets with limited liquidity. This means it may not be able to easily sell assets either at the time it wants to, or without an impact on their value. We have designed the Fund to align with and reflect the limited underlying liquidity of the investments. For example, the Fund only allows applications and redemptions on a monthly basis and may not fulfil requests in full.

The Governing Deed for the Hunter Investment Funds gives us certain powers we may use to further mitigate the impact of limited liquidity (and other risks) on investors in the Fund. The use of these tools will have impacts on some or all investors. These tools are:

Deferral of redemptions

If the Fund receives a significant quantity of Redemption Requests over a period of time, we may elect to pay the redemptions by instalments over a period of time determined by us, or in full at the end of this period. This period may not be longer than six months (or such other date as approved by Special Resolution of investors). We must notify the Supervisor of our intention to defer redemptions as soon as reasonably practicable.

Specifically, we may use this power if the Fund receives Redemption Requests over a period of 60 Business Days that in aggregate relate to more than 10% of the number of Units on issue in the Fund, and we determine that it is in the interests of all investors in the Fund.

This may look like:

- In month one the Fund receives Redemption Requests for 8% of the Units on issue. We decide we can satisfy half of this amount and accept 4% (pro-rated across all Redemption Requests), rejecting the other 4% (for this example we will assume all Redemption Requests are partial redemptions and therefore are not carried-forward).
- In month two the Fund receives Redemption Requests for 9% of the Units on issue. This now totals 17% of the Units on issue in aggregate. Rather than accepting only 3% of the 9% requested this month, we decide to process the redemptions by instalments. The 9% requested will now be paid out at 2% per month over a period of 5 months (month two, three, four, five, and six) with the last month paying the final 1%.

Suspension of redemptions

If we determine that it would not be practicable or wouldn't be in the best interests of investors to process redemptions, we may suspend all redemptions. This temporarily removes the right of investors to make Redemption Requests. If we suspend redemptions, we must inform all investors whose Redemption Request is affected. If the suspension lasts more than 14 days, we must inform all investors in the Fund.

We may decide to suspend redemptions for reasons such as (but not limited to):

- They pose a threat to the Fund's eligibility for PIE status; or

- An underlying fund into which the Fund invests has suspended redemptions; or
- We cannot determine a fair price for an asset in the Fund; or
- We cannot generate the cash required to pay Redemption Requests due to the limited liquidity of the Fund's investments.

Any redemptions affected by the suspension will receive the Redemption Price calculated on the last Business Day of the period of the suspension.

Side-pocketing

If we determine that it is in the best interests of the Fund's investors generally to do so, we may side-pocket any assets of the Fund. This involves quarantining the selected assets away from the rest of the Fund and restructuring the Unit holdings of investors to reflect this.

We may decide to use side-pocketing for reasons such as (but not limited to) a liquidity or pricing issue in relation to one or more assets which might lead to the general suspension of redemptions from the Fund. By side-pocketing the assets we can avoid suspending redemptions generally from the Fund, instead allowing Redemption Requests for the non-side-pocketed investments. This is achieved in practice by having two sets of Units with their own Unit Prices reflecting the side-pocketed and non-side-pocketed assets.

The side-pocketed assets remain part of the Fund and any liabilities arising from them (for example, tax payable) may be satisfied from investors' holding in the non-side-pocketed assets.

For example, say the Fund holds assets A, B and C. If we cannot reasonably determine a fair price for asset B then we cannot price the Fund. In this instance we would have two options available to us:

1. Suspend redemptions from the Fund until a fair price can be determined for asset B, and hence the Fund.
2. Side-pocket asset B, leaving assets A and C which can be priced and therefore can process limited redemptions.

By side-pocketing we can allow limited liquidity in the Fund which may have otherwise been locked. The following is a more detailed description of what this might look like. This is a simplified example and is not guaranteed to be representative of what would occur in practice.

- Using the same example as above where the Fund (F) holds assets A, B and C. Investors in the Fund hold Units (UF) which have a price.
- If we cannot reasonably determine a fair price for asset B then in turn we cannot determine the price of UF Units.
- We decide to side-pocket asset B. We quarantine this asset away from assets A and C and restructure the Unit holdings of investors

in F. Investors continue to hold their UF Units but are now issued Units relating to the side-pocketed portion of F (USF).

- Investors cannot make Redemption Requests or otherwise transact on the USF Units.
- Now that asset B is not included when determining the price for UF Units, we can calculate a Unit Price. There will be an impact to the Unit Price of UF Units due to side-pocketing, as asset B has been removed (and hence its value has been 'lost').
- Therefore, investors can now make Redemption Requests and otherwise transact on their UF Units.
- There are two primary outcomes for asset B and investors' USF Units. Investors who hold USF Units will be notified of the relevant outcome.
 - Asset B becomes worth nothing. In this case we write off the investment and USF Units become worth nothing and are cancelled.
 - We can determine a fair price for asset B. In this case we will unwind the quarantining of asset B so it is included in the UF Unit Price along with assets A and C. We will cancel investors' USF Units and issue additional UF Units based on the value merged and each investor's proportional holding of USF Units before cancellation.

13. More information about internal risk ratings for certain investments

We use an internal risk rating process to manage credit risk for certain types of private credit investments, namely:

- a) Loans that have been advanced in respect of the Fund or that have been assigned or novated to the Fund or its custodian by the original lender, whether secured by a charge over the relevant borrower's assets or not; and
- b) Receivables that have been acquired in respect of the Fund from a counterparty, whether secured by a charge over the relevant counterparty's assets or not.

This risk rating process assesses the relevant borrower's or counterparty's ability to repay the loan or receivable (as applicable). Each individual loan or receivable is given a risk rating from 1–5.

Rating	Description
1	Very low risk – very high capacity to repay financial commitments.
2	Low risk – strong capacity to repay financial commitments, but susceptible to changes in the economic environment.
3	Moderate risk – capacity to meet financial commitments under current assumptions, but repayment ability could weaken if adverse conditions persist or worsen.
4	High risk – capacity to meet financial commitments under current projections, but repayment is more exposed to setbacks and could be disrupted by relatively modest adverse developments.
5	Very high risk (distressed) – very low capacity for repayment of financial commitments.

We use a mix of qualitative and quantitative measures to determine the risk that borrowers or counterparties default on loans directly issued by the Fund or receivables acquired by the Fund. We assess loans and receivables based on factors such as (but not limited to):

- The health of the borrower's or counterparty's industry (or industries) and the economy of their domiciled country and other countries they operate in;
- The borrower's or counterparty's position within their respective industry (or industries) and any positive or negative drivers for the borrower's or counterparty's ongoing ability to repay financial commitments;
- Current (and future) cash flow and EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) projections;
- The borrower's or counterparty's other debt and their ability to refinance, and other financial commitments; and
- The structure of the loan or receivable and its seniority relative to the borrower's or counterparty's other financial commitments.

The factors are weighted to produce an internal rating which is assigned to each individual loan or receivable.

We conduct research on an ongoing basis to maintain the rating of each individual loan or receivable. We also conduct a formal annual review of each loan or receivable to ensure that the rating we assign is still correct. Any internal ratings which shift as a result of the formal annual review are reported to the Harbour Investment Committee.

14. More information about market indices

There is no appropriate or suitable benchmark index and no suitable comparable peer group index for the Fund against which to assess either movements in relation to the returns for the assets in which the Fund invests or the performance of the Fund as a whole. We have not calculated and filled in the risk indicator in accordance with clause 6 of Schedule 4 to the Financial Markets Conduct Regulations 2014, and are instead relying on clause 8 of Schedule 4 and using a method which we reasonably consider will allow the risk indicator to reflect the potential future volatility of the Fund.

The Fund has not been in existence for five years.
The risk indicator for the Fund has been calculated

using a mix of actual Fund returns (since its inception) and the returns of the private credit strategy which has been operating within the Harbour Income Fund (another fund managed by us which is part of the Harbour Investment Funds scheme). The historic investment management of this strategy may not be identical to the Hunter Private Credit Fund, and the credit market over the last 5 years has been less volatile than the longer-term average, therefore the risk indicator may provide a less reliable indicator of the potential volatility of the Fund.

There are other associated risks that are not represented by the risk indicator (such as liquidity risk).

15. No guarantee

Neither the Supervisor, Manager nor any other person guarantees or provides undertakings in relation to the return of capital invested in the Fund by an investor, the payment of any return on

capital, or provision of any distribution or payment of any money in relation to the Fund, or the performance of the Fund.

